

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

**FRANCHISE GROUP, INC., *et al.*,

Debtors.¹**

Chapter 11
Case No. 24-12480 (JTD)
(Jointly Administered)

Re: Dkt. No. 487

**OBJECTION TO CURE AMOUNT AND RESERVATION OF RIGHTS
OF SUN LIFE ASSURANCE COMPANY OF CANADA**

NOW COMES Sun Life Assurance Company of Canada (“Sun Life”) and hereby objects (the “Objection”) to the proposed cure amount set forth in the above-captioned debtors’ (collectively, the “Debtors”) *Notice of Possible Assumption and Assignment and Cure Costs with Respect to Executory Contracts and Unexpired Leases* [Dkt. No. 487] (the “Cure Notice”).

In support of this Objection, Sun Life respectfully states as follows:

BACKGROUND

1. On November 3, 2024, Franchise Group, Inc. and certain of its affiliated entities (i.e., the Debtors) filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”).

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

2. The Debtors and Sun Life are parties to an insurance policy, Policy #964157 (the “Policy”).

3. Through the Policy, the Debtors offer certain of their employees stop-loss insurance. Pursuant to the Policy, the Debtors are required to pay a monthly premium to Sun Life (the “Premium”).

4. On December 20, 2024, the Debtors filed the Cure Notice.

5. In the Cure Notice, the Debtors listed certain executory contracts and unexpired leases which the Debtors may assume and assign in connection with the sale of substantially all of the Debtors’ assets (the “Sale”). The Cure Notice also includes proposed cure amounts associated with the contracts and leases listed thereon.

6. With respect to the Sun Life Policy, the Debtors propose a cure amount of \$0.00 for the potential assumption and assignment:

Counterparty	Debtor Entity	Contract Description	Cure Amount
Sun Life Assurance Company of Canada	Vitamin Shoppe Industries LLC	Administrative Services Agreement	\$0.00

OBJECTION

7. Before assuming an unexpired executory contract, a debtor must (a) cure (or provide adequate assurance of a prompt cure of) any defaults under the applicable contracts, and (b) provide adequate assurance of future performance under the contract. See Bankruptcy Code § 365(b)(1). Absent the foregoing, a debtor may not assume unexpired executory contracts.

8. While Sun Life does not generally object to the assumption of the Policy, the proposed cure amount with respect to the Policy (the “Proposed Cure Amount”) fails to account for the outstanding Premium due on the Policy in the estimated amount of \$178,207.15. A copy

of the invoice reflecting the estimated Premium owed as of December 1, 2024 (the “Premium Owed”) is attached hereto as **Exhibit A**.

9. Additional amounts may come due prior to the Sale. Accordingly, Sun Life files this Objection to ensure that the Debtors cure the Premium Owed and all other amounts due to the extent that the Debtors assume the Policy.

RESERVATION OF RIGHTS

10. Sun Life reserves the right to: (a) amend this Objection as appropriate, and to supplement this Objection generally; (b) further object to the Debtors’ Proposed Cure Amount and to increase or further reconcile the cure claims with additional charges, obligations and costs (including attorneys’ fees and expenses) which may arise pursuant to the Policy prior to the effective date of any assumption and assignment of the Policy; and (c) object to any proposed Order approving the Sale and/or authorizing the proposed assumption and assignment of the Policy.

WHEREFORE, Sun Life respectfully requests that this Court enter an Order:

- a. Sustaining the Objection and granting relief consistent with the Objection;
and
- b. Granting Sun Life such other and further relief as is just.

Dated: January 3, 2025
Wilmington, DE

SULLIVAN · HAZELTINE · ALLINSON LLC

/s/ E.E. Allinson III
Elihu E. Allinson, III (No. 3476)
919 North Market Street, Suite 420
Wilmington, DE 19801
Phone: 302.428.8191
Fax: 302.428.8195
Email: zallinson@sha-llc.com

and

Paul W. Carey (No. 566865)
Shannah L. Colbert (No. 712955)
Mirick, O'Connell, DeMallie & Lougee, LLP
100 Front Street
Worcester, MA 01608
Phone: 508.791.8500
Fax: 508.791.8502
Email: pcarey@mirickoconnell.com
Email: scolbert@mirickoconnell.com

***Attorneys for Sun Life Assurance Company of
Canada***